



Liberty National Bank

and Trust Company of Louisville

0-366A031

COMMERCIAL BANKING DIVISION

December 24, 1980

No.

Date. DEC 31 1980

Fee \$ 50.00

ICC Washington, D. C.

RECORDATION NO. 12694 Filed 1425

DEC 31 1980 -9 15 AM

Secretary of the Interstate
Commerce Commission
Washington, D.C. 20423

REGISTERED MAIL
INTERSTATE COMMERCE COMMISSION

Dear Sir:

Enclosed for recordation pursuant to Section 11303 of Title 49 of the United States Code, and in conformity with Part 1116 of Title 49 of the Code of Federal Regulations, are two originals and a true copy of a Security Agreement dated as of December 17, 1980 (the "Security Agreement") between

Mortgagor - John Richard Morris
6302 Crestcreek Court
Louisville, Kentucky 40222

and

Mortgagee- Liberty National Bank and
Trust Company of Louisville
416 West Jefferson Street
Louisville, Kentucky 40202

A general description of the railroad rolling stock covered by the enclosed documents is set forth as Schedule A, which is stapled hereto and made a part hereof by this reference.

The original should be returned to

Charles R. Keeton
Brown, Todd & Heyburn
1600 Citizens Plaza
Louisville, Kentucky

DEC 31 9 10 AM '80
DOCKET FILES
BRANCH

Secretary of the Interstate
Commerce Commission
Washington, D. C. 20423

Enclosed is a check in the amount of \$50.00 to
cover your recordation fee.

Thank you for your attention to this letter and
its enclosures.

Sincerely,

A handwritten signature in cursive script that reads "Peter O. Kayser". The signature is written in dark ink and is positioned above the printed name and title.

Peter O. Kayser
Assistant Cashier

Enclosures

SCHEDULE A

<u>Manufacturer</u>	<u>Number of Cars</u>	<u>Description of Cars</u>	<u>Reporting Marks and Serial Number</u>
MIL	One (1)	4650 cubic foot capacity, 100-ton truck, steel covered hopper cars.	RRRX 1030
Pullman	Two (2)	4650 cubic foot capacity, 100-ton truck, steel covered hopper cars.	RRRX 3007 RRRX 3009

Interstate Commerce Commission
Washington, D.C. 20423

12/31/80

OFFICE OF THE SECRETARY

**Charles R. Keeton
Brown, Todd & Heyburn
1600 Citizens Plaza
Louisville, Kentucky**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **12/31/80** at **9:15am**, and assigned recordation number(s) **12694**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

DEC 31 1980 -9 15 AM

INTERSTATE COMMERCE COMMISSION
SECURITY AGREEMENT

This is a Security Agreement dated as of December 17, 1980, between JOHN RICHARD MORRIS ("Debtor"), an individual resident at 6302 Crestcreek Court, Louisville, Kentucky 40222, and LIBERTY NATIONAL BANK AND TRUST COMPANY OF LOUISVILLE ("Secured Party") a national banking association with its principal office at 416 West Jefferson Street, Louisville, Kentucky 40202.

Recitals

A. Secured Party has loaned Debtor \$ 158,617⁵⁰, and such loan is evidenced by Debtor's promissory note in that principal amount dated December 17, 1980 (the "Note").

B. Debtor has used the proceeds of the Note to acquire the 100 ton truck covered hopper rail cars described in Annex A attached to and made a part of this Security Agreement (the "Equipment"). To provide management services for the Equipment, Debtor has entered into a Management Agreement (the "Management Agreement") with Rex Leasing, Inc., a New Jersey corporation ("Rex") dated July 18, 1980, 1980. In connection with the Management Agreement, Debtor has entered into a lease (the "Lease") with a shipper or railroad with respect to the Equipment.

C. Debtor desires to secure all of its obligations under the Note by granting to Secured Party a security interest in the Equipment, and assigning as security all of Debtor's rights under the Management Agreement.

NOW THEREFORE, Debtor and Secured Party have agreed as follows:

1. Grant of Security Interest in Equipment. Debtor grants to Secured Party a security interest in all of Debtor's right, title and interest in and to the Equipment, in and to all of Debtor's right, title and interest in and to any property which Debtor may hereafter acquire arising out of or in connection with the Equipment, and in and to the proceeds or products of any sale, exchange, collection or other disposition of the Equipment.

2. Assignment of Management Agreement. As security as provided in this Security Agreement, Debtor hereby assigns, grants and conveys to Secured Party all of Debtor's right, title, interest, claim and demand in, to and under the Management Agreement, together with all rights, powers and privileges and other benefits of Debtor pursuant to the Management Agreement, including, but not by way of limitation, the immediate and continuing right to receive and collect all monies, income, payments, revenues and other payments pursuant to paragraph 7 or any other provisions of the Management Agreement.

3. Secured Indebtedness. The assignment and security interest effected and created by this Security Agreement are granted and created to secure the payment of the following obligations (collectively, the "Secured Obligations"):

(a) All of the liabilities, obligations and duties of Debtor evidenced by the Note, and under this Agreement, and any other instrument or document made by Debtor in favor of Secured Party with respect to the indebtedness evidenced by the Note, and any and all extensions, renewals, substitutions, novations and

changes in form thereof which may be effected from time to time or for any term or terms.

(b) All costs and expenses incurred or paid by Secured Party enforcing its rights under or pursuant to this Loan Agreement, the Note, the Management Agreement or any other instrument or document, including reasonable attorneys' fees and interest on all sums expended by Secured Party in enforcing such rights from the dates of each such expenditure at the rate of interest provided in the Note.

(c) All of Debtor's liabilities, obligations and duties under the Management Agreement which Secured Party may, but is not obligated to, undertake in order to protect the value of the Management Agreement as collateral for the Secured Obligations.

(d) The liabilities, obligations and duties of Rex under the Management Agreement.

4. Representations and Warranties. To induce Secured Party to enter into this Security Agreement, Debtor represents and warrants as follows:

(a) Debtor has full power and authority to enter into and perform the Note and this Security Agreement; and the Note and the Security Agreement have been fully executed and delivered and constitute legal, valid and binding obligations of Debtor enforceable in accordance with their terms.

(b) Debtor has good and marketable title to the Equipment, and the Equipment and the Management Agreement are not subject to any lien, charge, pledge, encumbrance, claim or security interest other than the security interest created by this Security Agreement.

Debtor has full power and authority to grant a security interest in the Equipment and to assign the Management Agreement as provided in this Security Agreement.

(c) Debtor's residence is as set forth in the preamble to this Security Agreement.

(d) The Management Agreement has been duly entered into by Debtor and by Rex and constitutes a legal, valid and binding obligation of Debtor and of Rex and is enforceable in accordance with its terms. The Management Agreement is in full force and effect and no event has occurred which, either alone or with the giving of any notice or the passage of any time, constitutes a default under the Management Agreement, either by Debtor or by Rex.

(e) Debtor has neither made any other assignment of nor granted any interest in any rights due or to become due under the Management Agreement except to Secured Party.

(f) The security interest in the Equipment and the assignment of the Management Agreement effected and created pursuant to this Security Agreement constitute valid and perfected first priority security interests in favor of Secured Party in the Equipment and the Management Agreement.

(g) Any financial statements, concerning Debtor or Rex, presented by or on behalf of Debtor to Secured Party have been prepared in accordance with generally accepted accounting principles, consistently applied, and present fairly the financial position of the person to whom such financial statement relates as of the date thereof, and the results of operations for the period

or periods covered thereby. Since the date of such financial statements there have been no material adverse changes in the financial condition represented by those financial statements.

5. Certain Notices. Debtor shall notify Secured Party of any change of location of Debtor's residence or of Rex's principal offices at least 30 days prior to effecting any such change.

6. Duration of Security Interests. Secured Party, its successors and assigns, shall hold the security interest created hereby upon the terms of this Security Agreement, and this Security Agreement shall continue until the Secured Obligations have been paid in full.

7. Covenant not to Dispose. Without Secured Party's prior written consent, Debtor shall not (a) sell, transfer, assign or otherwise dispose of the Equipment or the Management Agreement or any interest in either, or (b) allow the Management Agreement to terminate, or (c) take or fail to take any action which would give rise to any claim by Rex against Debtor under the Management Agreement or entitle Rex to withdraw the Equipment from the Lease, or any other lease, and substitute other railcars.

8. Rights under Assignment of Management Agreement.

(a) The assignment of the Management Agreement is irrevocable, except that the assignment is for security and will terminate when and if all Secured Obligations shall be satisfied in full.

(b) Secured Party shall have all of Debtor's rights and remedies under the Management Agreement including, without limitation, the right to take or refrain from taking all actions that Debtor

could take with respect to the Management Agreement, the Equipment, or the Lease, and the right to give or withhold any consent. Secured Party shall have the right, either in its own name or in Debtor's name, to do all things that Debtor could have done, or to enter into all such proceedings, legal, equitable or otherwise, that Debtor could have entered into under the Management Agreement if this Security Agreement had not been made.

(c) Debtor hereby authorizes Secured Party to give notice to Rex of the assignment effected pursuant to this Security Agreement to Rex and, regardless of the occurrence or nonoccurrence of any Event of Default, in Secured Party's own name to ask for, demand, collect, receive, receipt for and prosecute any claim, or effect any settlement, for all sums due to Debtor under or pursuant to the provisions of the Management Agreement. The receipt by Secured Party for any such sum shall be binding upon Debtor and constitute valid receipt of Debtor therefore.

(d) The assignment effected pursuant to this Security Agreement shall not impose upon Secured Party any of the obligations of Debtor under the Management Agreement.

(e) Regardless of whether any Event of Default has occurred or is continuing, if requested by Secured Party, Debtor shall deliver to Secured Party any payments received under the Management Agreement immediately upon Debtor's receipt thereof in the same form as received, together with any necessary endorsements.

(f) If requested by Secured Party, and whether or not any Event of Default has occurred, Debtor shall notify Rex of this Security Agreement, and direct that Rex make all payments to Secured Party which would otherwise been due under the Management Agreement to Debtor. Debtor also authorizes Secured Party to give such notice and direction. Debtor will not in any manner hinder or interfere with Secured Party in making collections under the Management Agreement, and authorizes Secured Party to receive all sums which might become due under the Management Agreement.

(g) Until and unless Secured Party gives Debtor notice, Debtor may continue to collect all sums due under the Management Agreement and exercise all rights with respect to the Management Agreement which have been granted to Secured Party in this Security Agreement. Immediately upon the giving of notice by Secured Party indicating Secured Party's intention to exercise the rights granted it in this Security Agreement with respect to the Management Agreement (which notice may be given whether or not any Event of Default has occurred or is continuing) Secured Party shall have the exclusive right to collect the sums due or to become due and to exercise all other rights with respect to the Management Agreement, and Debtor shall have no such right.

9. Compliance by Debtor with Management Agreement. Debtor will comply with all of the terms of the Management Agreement and will pay all sums which it might be required to pay under paragraph

7 or any other provision of the Management Agreement. If Debtor fails to pay any such amount, Secured Party may, but is not obligated to, make such payment. Debtor shall, upon demand, reimburse Secured Party for any payments so made and for any costs or expenses incurred in connection with the making of such payment. Any such payment by Secured Party shall not alter any provision of this Security Agreement, including without limitation the provision that the failure to pay such amounts by Debtor is an Event of Default.

10. Priority of Security Agreement. Paragraph 10 of the Management Agreement provides that the Management Agreement and Rex's authority and rights under the Management Agreement are subordinate to a lien or security interest upon the Equipment and revenues generated by the Equipment upon certain conditions. This Security Agreement and the security interest created hereby are subject to the rights of a lessee under the Lease, Rex's right to collect gross revenues, and Rex's right to apply gross revenues to Debtor's obligations under the Management Agreement but only to the extent necessary to cause the Management Agreement and Rex's authority to be subordinate to the rights of Secured Party under this Security Agreement in accordance with paragraph 10 of the Management Agreement.

11. Insurance. Debtor, at its own expense, shall insure the Equipment (or cause it to be insured) against fire, theft and casualty damage in an amount not less than the outstanding balance of the Secured Obligations. Such insurance shall be satisfactory to Secured Party as to form, amount and insurer. Such insurance

shall name Secured Party as an additional insured and loss payee, and shall afford to Secured Party such additional protection or insure against such additional risks or hazards as Secured Party may reasonably request from time to time. Such insurance shall provide that the insurance provided thereunder cannot be cancelled without thirty days prior written notice to Secured Party, and that any loss thereunder shall be payable to Secured Party notwithstanding any action, inaction, breach of warranty or condition, breach of declaration, misrepresentation or negligence of Debtor. Debtor shall provide Secured Party with evidence satisfactory to it of Debtor's due compliance with this paragraph. Debtor hereby assigns to Secured Party all sums which become payable under any insurance covering the Equipment and Secured Party may act as attorney for Debtor in obtaining, adjusting, settling, compromising and cancelling such insurance and endorsing any drafts drawn to Debtor pursuant to such insurance.

12. Filing Fees. Debtor shall pay all costs of filing any financing, continuation or termination statement necessary to perfect or protect, or to maintain or terminate the perfection or protection of Secured Party's security interests created by this Security Agreement (including, without limitation, any fees incurred in connection with the recordation of this Security Agreement with the Interstate Commerce Commission); or shall upon demand reimburse Secured Party for such costs, and until reimbursement such costs shall be a part of the Secured Obligations.

13. Further Assistance. Debtor shall sign from time to time such other documents and instruments, and take such other action, as Secured Party may reasonably request to more fully create and maintain the security interest in the Equipment and the Management Agreement intended to be created in this Security Agreement, and to perfect or protect any such security interests.

14. Certain Obligations Regarding Collateral. Debtor shall cause the Equipment to be kept and maintained in good condition and repair and under adequate condition of storage to prevent its deterioration or depreciation in value, reasonable wear and tear from ordinary use excepted. Debtor shall keep the Equipment and the Management Agreement free and clear of liens, charges and encumbrances and shall declare and pay all amounts, including fees, assessments, charges or taxes allocable to the Equipment or the Management Agreement, or which might result in a lien against the Equipment or Management Agreement unless Debtor at its own expense is contesting the validity or amount of such amount in good faith by an appropriate proceeding timely instituted which shall, in Secured Party's opinion, be effective to prevent the collection or satisfaction of the lien or amount so contested. If Debtor fails to pay such amount and is not contesting it in accordance with the preceding sentence, Secured Party may, but is not obligated to, pay it, and such payment shall be deemed conclusive evidence of the legality or validity of such amount. If Debtor fails to provide insurance pursuant to paragraph 11 of this Security Agreement, Secured Party may, but is not obligated

to pay for such insurance. Debtor shall promptly reimburse Secured Party for any payment made pursuant to this paragraph, and until reimbursement, such payments shall be a part of the Secured Obligations. Any such payment by Secured Party shall not alter any provision of this Security Agreement, including without limitation the provision that the failure to pay such amounts by Debtor is an Event of Default.

15. Use and Inspection of Collateral. Debtor shall not use the Collateral in violation of any statute or ordinance, and Secured Party shall have the right, at reasonable hours, to inspect the Equipment wherever it is located, subject to the lessee's rights under the Lease.

16. Default. At the option of Secured Party the happening of any of the following events ("Events of Default") shall constitute a default under this Security Agreement.

(a) Failure of Debtor to pay any Secured Obligation, or any installment of any Secured Obligation, within five days after the date such payment first became due.

(b) Debtor fails to perform or observe any covenant, term or condition of this Agreement (other than defaults covered by subparagraph (a) of this paragraph).

(c) The occurrence of any default under the Note, the Management Agreement or any other obligation, instrument or agreement secured by this Security Agreement or evidencing any Secured Obligation.

(d) Any warranty, representation or statement made herein or otherwise furnished to Secured Party by or on behalf of Debtor proves to be false in any material respect.

(e) Default by Rex in the payment or observance of any obligation, term or provision of the Management Agreement.

(f) Loss, theft, damage, destruction or encumbrance of the Equipment, or any part thereof, or the making of a levy, seizure or attachment on the Management Agreement, the Equipment or any part thereof.

(g) The creation of any lien, charge or encumbrance with respect to the Equipment or the Management Agreement without the prior written consent of Secured Party.

(h) The Equipment or the Management Agreement should become subject matter of litigation which would, in the opinion of Secured Party, result in substantial impairment or loss of the security intended to be provided by this Security Agreement.

(i) Debtor shall (1) be adjudicated a bankrupt, (2) admit in writing his inability to pay his debts generally as they become due, (3) make a general assignment for the benefit of his creditors, or (4) file a petition, or admit (by answer, default or otherwise) the material allegations of any petition filed against him in bankruptcy under the federal bankruptcy laws (as in effect on the date of this Security Agreement, or as they may be amended from time to time), or under any other law for the relief of debtors, or for the discharge, arrangement or compromise of their debts.

(j) A petition shall have been filed against Debtor in proceedings under the federal bankruptcy laws (as in effect on the date of this Security Agreement, or as they may be amended from

time to time), or under any other laws for the relief of debtors, or for the discharge, arrangement or compromise of their debts, or an order shall be entered by any court of competent jurisdiction appointing a receiver, trustee or liquidator for Debtor or all or a substantial part of Debtor's assets, and such petition or order is not dismissed or stayed within 30 days after the filing of such petition or the interest of such order.

17. Remedies. Upon any Event of Default, the Secured Party may, at its option, declare any and all of the Secured Obligations to immediately due and payable; and, in addition to exercising all other rights and remedies, proceed to exercise with respect to the Management Agreement and the Equipment all rights, option and remedies of a Secured Party upon default as provided for under the Uniform Commercial Code. The rights of Secured Party upon default shall include, without limitation, the following:

(a) The right to notify Rex and to require Rex to begin making payments directly to Secured Party with respect to the Management Agreement. Secured Party shall have the right to proceed against Rex in its own name, or in the name of Debtor, with or without consent of Debtor. Secured Party may retain any such payments of collections and apply them to obligations secured by this Security Agreement in accordance with the Uniform Commercial Code.

(b) The right to sell Debtor's rights under the Management Agreement assigned to Secured Party pursuant to this Security Agreement. Secured Party shall be entitled to apply the proceeds of

any such sale to the satisfaction of the Secured Obligations, and to expenses incurred in realizing upon the Management Agreement, in accordance with the Uniform Commercial Code.

(c) The right to the immediate possession of the Equipment without requirement of notice or demand, or of any legal process, subject to the rights of the lessee under the Lease and Rex under the Management Agreement. In exercising this right, Secured Party may enter into the premises of Debtor, of Rex or the lessee without requirement of any legal process, and Secured Party may pursue the Equipment wherever it may be found.

(d) The right to sell the Equipment at public or private sale at one or more lots, subject to the rights of the lessee under the Lease and Rex under the Management Agreement. Secured Party shall be entitled to apply the proceeds of any such sale to the satisfaction of the Secured Obligations, and to expenses incurred in realizing upon the Equipment, in accordance with the Uniform Commercial Code.

(e) The right to recover the reasonable expenses of taking possession of any of the Equipment, preparing the Equipment for sale, selling the Equipment or the Management Agreement, and other like expenses, together with court costs and reasonable attorneys' fees incurred in realizing upon the Equipment or the Management Agreement for enforcing any provision of this Security Agreement.

(f) The right to retain the Equipment and/or the Management Agreement and become the owner thereof, in accordance with the provisions of the Uniform Commercial Code.

(g) The right to exercise all rights, powers and privileges of Debtor under the Management Agreement.

(h) The right to proceed by appropriate legal process, at law or at equity, to enforce any provision of this Security Agreement, or of the Management Agreement, or in aid of the execution of any power of sale, or for foreclosure of the security interests of Secured Party under this Security Agreement, or for sale of the Equipment or the Management Agreement under the judgment or decree of any court.

18. Remedies Cumulative. The rights and remedies of Secured Party shall be deemed to be cumulative, and any exercise of any right or remedy shall not be deemed to be an election of that right or remedy to the exclusion of any other right or remedy, provided that by the cumulative exercise of its remedies under this Security Agreement, Secured Party shall not be entitled to receive more than the Secured Obligations, together with any other costs or expenses for which Secured Party would otherwise be entitled to reimbursement under this Security Agreement.

19. Notices.

(a) Any requirement of the Uniform Commercial Code of reasonable notice shall be met if such notice is given at least five days before the time of sale, disposition or other event or thing giving rise to the requirement of notice.

(b) All notices or communications under this Security Agreement shall be in writing and shall be delivered or mailed to the parties addressed at the addresses given them in the preamble to this Security Agreement, and any notice so addressed and mailed

by registered or certified mail shall be deemed to have been given when mailed.

(c) Debtor and Secured Party may at any time, and from time to time, change the address to which notice shall be delivered or mailed by written notice setting forth the changed address.

20. Miscellaneous.

(a) Failure of Secured Party to exercise any right shall not be deemed to waiver of that right, and any single or partial exercise of any right shall not preclude the further exercise of that right. Every right of Secured Party shall continue in full force and effect until such right is specifically waived in writing signed by Secured Party.

(b) If any part, term or provision of this Security Agreement is held by any court to be prohibited by any law applicable to this Security Agreement, the rights and obligations of the parties shall be construed and enforced with that part, term or provision enforced to the greatest extent permitted by law, and if totally unenforcable, as if this Security Agreement did not contain that particular part, term or provision.

(c) The headings in this Security Agreement have been included for ease of reference only, and shall not be considered in the construction or interpretation of this Security Agreement.

(d) This Security Agreement shall inure to the benefit of Secured Party, it successors and assigns, and all obligations of Debtor shall bind his heirs, executors, administrators and assigns.

(e) This Security Agreement shall in all respects be governed by and construed in accordance with the laws of the Commonwealth of Kentucky except to the extent that the laws of any state where the Equipment might be located dictate that the laws of that state shall govern the enforcement of rights with respect to the Equipment or the Management Agreement. This Security Agreement shall be entitled to the benefit and protections provided by Title 49 of the United States Code.

IN WITNESS WHEREOF, Debtor and Secured Party have signed this Security Agreement as of the date set forth in the preamble hereto, but actually on the dates set forth below.


John Richard Morris

Date: December 17, 1980

LIBERTY NATIONAL BANK AND TRUST
COMPANY OF LOUISVILLE

By Peter O. Kasper

Title: Assistant Cashier

Date: December 17, 1980

STATE OF KENTUCKY)
COUNTY OF JEFFERSON) SS:

On this 17th day of December, 1980, before me personally appeared John Richard Morris, to me known to be the person described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Don M. Hy-
Notary Public

(SEAL)

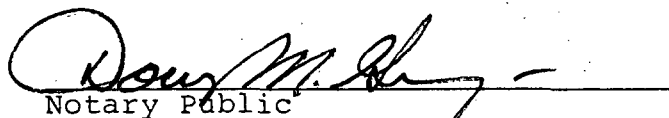
My Commission expires April 25, 1984.

My Commission Expires: _____

STATE OF KENTUCKY)
COUNTY OF JEFFERSON) SS:

On this 17th day of December, 1980, before me personally appeared Peter O. Kayser, to me known, who being by me duly sworn, says that he is the Assistant Cashier of Liberty National Bank and Trust Company of Louisville, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association by authority of tis Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

(SEAL)


Notary Public

My Commission Expires: April 25, 1984

ANNEX A TO SECURITY AGREEMENT

<u>Manufacturer</u>	<u>Number of Cars</u>	<u>Description of Cars</u>	<u>Reporting Marks and Serial Number</u>
MIL	One (1)	4650 cubic foot capacity, 100-ton truck, steel covered hopper cars.	RRRX 1030
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